

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE ADAIR COUNTY)	
WATER DISTRICT FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY TO)	
CONSTRUCT A WATER IMPROVEMENTS)	CASE NO.
PROJECT AND TO ISSUE SECURITIES IN)	2014-00020
THE APPROXIMATE AMOUNT OF \$1,085,000)	
TO FINANCE SAID PROJECT PURSUANT TO)	
KRS 278.020 AND 278.300)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO
ADAIR COUNTY WATER DISTRICT

Adair County Water District ("Adair District"), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due within ten days from the date of this request. Responses to requests for information shall be appropriately bound, tabbed, and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Adair District shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though

correct when made, is now incorrect in any material respect. For any request to which Adair District fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to Adair District's application. Paragraph 14 states in its last sentence that "the District cannot run the risk of delaying the closing of the KRWFC Loan" State whether the reference to KRWFC should instead refer to the federally assisted Drinking Water State Revolving Loan Fund ("DWSRF").

2. Refer to Adair District's application, Appendix D. The November 2, 2012, letter signed by Sandy Williams of Kentucky Infrastructure Authority ("KIA") states that an assistance agreement between KIA and Adair District will be executed upon satisfactory performance of the conditions set forth in it. State whether the assistance agreement has been executed and, if so, when. Provide a copy of the executed agreement.

3. Refer to Adair District's application, Appendix D, Attachment A, Adair County Water District dba Columbia / Adair Utilities District F12-04. The brief description and the project descriptions within refer to a total of 5,400 linear feet of eight-inch and 38,000 linear feet of six-inch water lines. The total amount of eight-inch

water line proposed in this project, based on the bid tabulations, is 6,900 linear feet. Explain this discrepancy between the eight-inch water line amounts.

4. Refer to Adair District's Application, Final Engineering Report, December 6, 2013, letter from Mr. Flowers to Mr. Bowles. The letter describes four target areas, including (1) the Downtown Area and (2) Longhunters Area.

a. State whether both the Downtown Area and Longhunters Area are included in Phase 1 – Section 1.

b. State whether Adair District is seeking a Certificate of Public Convenience and Necessity for the Longhunters Area, as well as for the Downtown Area.

5. Refer to Adair District's Application, Exhibit A and Exhibit B.

a. Explain why the Final Cost Estimate for Phase 1 – Section 1 includes only the \$860,720 development cost for the Base Bid and excludes the \$764,700 Alternate No. 1 bid.

b. State whether Adair District is seeking approval of both the Base Bid and Alternate No. 1 projects.

6. Confirm that Adair District is seeking authorization to issue securities in the approximate amount of \$1,085,000.

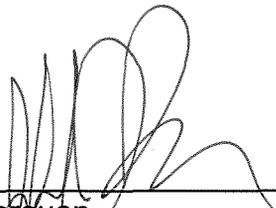
7. Refer to the Application, Page 1 and Exhibit D.

a. On Page 1, Adair District requests authorization from this Commission to borrow the approximate principal amount of \$1,085,000 from KIA. The KIA letter of conditions shown in Exhibit D states that KIA is providing Adair District with

a loan in the principal amount of \$4,000,000. Explain why Adair District requested approval for only \$1,085,000 of the \$4,000,000 KIA loan.

b. The KIA letter of conditions shown in Exhibit D states that the term of the loan will not exceed 20 years. Attachment A to Exhibit D states that the term will be 30 years. Explain the discrepancy and state the number of years that Adair District anticipates it will require to repay the KIA loan proposed in its application.

c. Provide an amortization schedule that shows the payment amount and the date of payment for each principal and interest payment that Adair District will make to KIA as a result of the loan requested in Adair District's Application. The impact of KIA's forgiveness of any portion of the loan principal should be shown on the amortization schedule.



Jeff Derouen
Executive Director
Public Service Commission
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DATED FEB 12 2014

cc: Parties of Record

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